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News -- 2001 February 9

American Institute of Certified Public Accountants. SEC Practice Section. Public Oversight Board

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News

On February 9, 2001, the Public Oversight Board announced agreement on a Charter aimed at strengthening and broadening its oversight of the auditing profession's self-regulatory programs and standard setting processes. The POB and the AICPA have formally approved the Charter after extensive discussions between both organizations, the SEC Practice Section, the large auditing firms and the SEC.

This is an important milestone in the history of the self-regulatory system of the accounting profession. The POB has been operating pursuant to Bylaws and organizational documents, but no charter, since its formation in 1977. The provisions of the new POB Charter are consistent with recommendations included in the Panel on Audit Effectiveness' Report and Recommendations dated August 31, 2000. The Panel was formed by the POB, at the urging of then SEC Chairman Arthur Levitt, to study the effectiveness of independent audits. The Panel's Report included recommendations aimed at improving audit performance and a system of governance of the profession unified under a strengthened, independent POB.

An independent private sector body, the POB was created in 1977 for the purpose of overseeing and reporting on the self-regulatory programs of the SEC Practice Section of the AICPA. The POB is responsible for monitoring and commenting on matters that affect public confidence in the integrity of the audit process.

The POB Board consists of five members, with a broad spectrum of business, professional, regulatory and legislative experiences. The current Board members are Charles A. Bowsher, Chair of the POB and former Comptroller General of the United States; Donald J. Kirk, Vice Chair of the POB and former Chairman of the Financial Accounting Standards Board; Melvin R. Laird, former Congressman and Secretary of Defense; Aulana L. Peters, former SEC Commissioner; and Norman R. Augustine, former Chairman and CEO of Lockheed Martin Corporation and Under Secretary of the Army. Paul H. O'Neill, formerly Chairman and CEO of Alcoa, recently left the POB Board when President Bush nominated him to be the new Secretary of the Treasury.

Key features of the new Charter include:

- Expanded oversight over groups in the self-regulatory process such as the Auditing Standards Board (ASB) and Independence Standards Board (ISB);
- Expanded responsibility for improving communication among the various bodies that make up the self-regulatory system of the accounting profession by creating a new coordinating task force;
- Expanded role to conduct oversight reviews and to undertake other projects and actions that are deemed to be appropriate to protect the public interest; and
- Increased resources, both in staffing and budget.

The full text of the new [Charter](#) is presented on the following pages.

For questions on the POB Charter, please contact Charles A. Bowsher or Jerry D. Sullivan, Executive Director of the POB, at (203) 353-5300.

Š 2002 Public Oversight Board

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